(c) the amount involved in the fudging exercise; and

(d) the action taken by Government in the matter?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) Shri B. Ramalinga Raju, the former Chairman of M/s Satyam Computer Services Ltd. (the Company) the fourth largest IT company in the country, made a statement on 7.1.2009 about the falsification of accounts and the financial statements of the Company for the last many years. In this statement, Shri Raju, *inter-alia,* declared that cash and bank balances of the company and its receivables were over-stated, some of its liabilities under-stated/ not reflected in the books of accounts, etc.

(b) While the revelation by Shri Raju placed the continuity of the operations of the Company and the fate of its employees at risk, the events relating to M/s Satyam Computer Services Ltd are an aberration and cannot be generalized. India's corporate sector in general and the IT sector in particular continue to retain the confidence of their stakeholders, customers and clients in India and abroad. Consequently, India's growth story has not been put at risk due to the incidents in this particular company.

(c) As per the statement made by Shri B Ramalinga Raju, the financial statements of the Company contained mis-statements relating to an amount of about Rs. 7100 cr.

(d) Immediately after the statement of Shri Ramalinga Raju made on 7.1.2009 came to light, the Government took all possible steps to ensure the continuity of the operations of the company. The existing Board of Directors of the Company was suspended and new Directors appointed by the Government after approval of the Company Law Board on a petition moved by the Government. The new Board of the Company is already in position and is addressing to all matters necessary to enable continued operations of the company.

The Government has also ordered investigation into the affairs of Satyam under Section 235 of the Companies Act, 1956 through the Inspectors drawn from the office of Serious Fraud Investigation Office to ascertain the nature and extent of fraud in the Company and the persons involved, and take appropriate action under the law of the land.

Diversion of salaries of staff of Satyam Computer Services

156. SHRI AMAR SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that the promoters of Satyam Computer Services diverted salaries of 13000 non-existent Satyam staff to his family accounts;

(b) if so, the details thereof including the total amount diverted as such and since when;

(c) whether Company Audit was done during that period of such huge diversion of funds; and

(d) if so, what action is being taken against the Auditor?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) There is no confirmation available with this Ministry, as on date, as to the non-existence of 13000 staff in the Satyam Computer Services Ltd. and the diversion of salaries of such numbers of staff to the family accounts of the promoters of Satyam.

(c) The annual accounts of the Company were audited from year to year by its statutory auditors including for the period during which the accounts and the financial statements of the Company are stated to be falsified.

(d) The Ministry has ordered investigation under the Companies Act, 1956 by officers drawn from the SFIO into the affairs of the Company including the role of its statutory auditors. The Ministry has also asked the Institute of Chartered Accountants of India (ICAI) to look into the matter with regard to the financial reporting by the company, the role and manner of discharge of the statutory functions by its auditors, compliance with the accounting and auditing standards as well as the provisions of the Companies Act, 1956.

Monitoring of IT companies and share market

†157. SHRI PRABHAT JHA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government is formulating an action plan to monitor the working of IT companies and share market in view of the financial scam in a major IT company;

(b) if so, the details thereof;

(c) whether Government has received any proposal or recommendation to investigate the working of several IT companies; and

(d) if so, the details of such companies?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) No Sir.

(b) Does not arise.

(c) and (d) There is no proposal or recommendation to investigate the working of several IT companies.

Measures to prevent corporate frauds

158. SHRI RAMA CHANDRA KHUNTIA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government has any action plan to prevent other corporate houses to not to go in the same way after the incident of Satyam;

(b) if so, the details thereof;

(c) whether the interests of share holders who has invested their hard earned money in Satyam are safe;

(d) whether all the employees working in Satyam are also safe; and

(e) if so, the details thereof

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) The incidents relating to Satyam Computer Services Ltd. are specific to that company and cannot be generalized. The Government maintains regulatory supervision over the corporate sector and takes

†Original notice of the question was received in Hindi